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Message Text

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15
ACTION EB-11

INFO OCT-01 AF-10 EUR-25 ISO-00 AID-20 CIAE-00 COME-00

FRB-02 INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12

SP-03 CIEP-02 LAB-06 SIL-01 OMB-01 NSC-07 SS-20

STR-08 CEA-02 TAR-02 L-03 H-03 AGR-20 INT-08 DRC-01

/186 W
---------- 064046
R 111445Z APR 74
FM AMEMBASSY GABORONE
TO SECSTATE WASHDC 5290
INFO AMEMBASSY LUSAKA
AMEMBASSY LONDON
AMEMBASSY MASERU
AMEMBASSY MBABANE
AMEMBASSY PRETORIA
AMCONSUL JOHANNESBURG

UNCLAS GABORONE 0470

E.O. 11652: N/A
TAGS: EIND, EFIN, BC
SUBJ: FOREIGN INVESTMENT CLIMATE AND STATISTICS

REF: STATE 053993

1. INVESTMENT CLIMATE:

A. BOTSWANA OFFERS AN ESPECIALLY ATTRACTIVE INVESTMENT CLIMATE, AND FOREIGN PRIVATE INVESTMENT IS ACTIVELY SOUGHT. THE INCOME TAX ACT 1973 PROVIDES FOR GENEROUS RELIEF ON CAPITAL EXPENDITURE, AND OTHER SPECIAL INCENTIVE TAX RELIEF MAY BE GRANTED TO VENTURES PROVIDING SUBSTANTIAL EMPLOYMENT AND TRAINING FOR CITIZENS, THAT OFFER CITIZEN PARTICIPATION IN MANAGEMENT AND OWNERSHIP, AND THAT ARE LOCATED IN AREAS OF DEVELOPMENT NEED AND ARE LIKELY TO FOSTER SECONDARY GROWTH.
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IN CASES OF MAJOR INVESTMENT OF KEY IMPORTANCE TO BOTSWANA'S

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DEVELOPMENT, SPECIAL AGREEMENTS CAN BE NEGOTIATED WITH GOVERNMENT UNDER WHICH ANY PROVISION OF THE GENERAL TAX LAW MAY BE VARIED.

B. THE BOTSWANA CONSTITUTION PROHIBITS NATIONALIZATION UNLESS APPROVED BY THE NATIONAL ASSEMBLY, AND GUARANTEES PROMPT PAYMENT OF ADEQUATE COMPENSATION. BOTSWANA IS A SIGNATORY TO THE INTERNATIONAL CONVENTION ON THE SETTLEMENT OF DISPUTES AND HAS SIGNED A BILATERAL INVESTMENT AGREEMENT WITH THE UNITED STATES.

C. EXCEPT THAT ALL INVESTMENT PROPOSALS MUST BE APPROVED BY THE GOVERNMENT, THERE ARE NO RESTRICTIONS ON PRIVATE FOREIGN INVESTMENT AND NO LIMITATIONS ON REPATRIATION OF PROFITS.

D. BOTSWANA IS IMPLEMENTING AN INCOMES POLICY DESIGNED TO CONTROL WAGES IN ORDER TO MAXIMIZE DEVELOPMENT OPPORTUNITIES. ALTHOUGH VOCATIONAL TRAINING IS INCREASING, THERE IS A SHORTAGE OF SKILLED WORKERS. EIGHT TRADE UNIONS HAVE BEEN ESTABLISHED, BUT TO DATE THE STRIKE HAS BEEN USED SPARINGLY.

E. BOTSWANA'S GDP HAS DOUBLED IN THREE YEARS, WHILE IT IS ESTIMATED THAT THE ANNUAL GROWTH RATE AT CONSTANT PRICES HAS AVERAGED 15 PERCENT SINCE 1968. RAPID EXPANSION IS BASED ON MAJOR DEVELOPMENTS IN THE MINING AND LIVESTOCK SECTORS WHICH PROMISE TO PROVIDE A SOLID BASE FOR FUTURE INDUSTRIALIZATION. BOTSWANA'S MEMBERSHIP IN THE SOUTHERN AFRICAN CUSTOMS UNION (WITH SOUTH AFRICA, SWAZILAND AND LESOTHO) OFFERS DOMESTIC PRODUCERS DUTY-FREE ACCESS TO ONE OF AFRICA'S LARGEST MARKETS. IN ADDITION, THE COUNTRY IS SEEKING ASSOCIATION WITH THE EEC IN AN EFFORT TO OBTAIN PREFERENTIAL TREATMENT FOR ITS EXPORTS.

F. OPIC INSURED A $22 MILLION INVESTMENT BY A MAJOR U.S. FIRM IN A LARGE COPPER-NICKEL MINE AND IS PROVIDING GUARANTEES TO TWO OTHER U.S. MINING COMPANIES, CURRENTLY PROSPECTING IN BOTSWANA. IN 1971 THE OPIC BOARD OF DIRECTORS RESOLVED TO TAKE SPECIAL MEASURES IN PROMOTING INDUSTRIALIZATION IN BOTSWANA, LESOTHO AND SWAZILAND.
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2. INVESTMENT STATISTICS:
FIGURES REMAIN SAME AS REPORTED IN GABORONE A-44 OF MARCH 30, 1973.
BOLEN

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NNN

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Draft Date: 11 APR 1974
Decaption Date: 01 JAN 1960
Decaption Note:
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Disposition Approved on Date:
Disposition Authority: n/a
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Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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From: GABORONE
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